

# BJÖRN BORG

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INDERES CORPORATE CUSTOMER

# COMPANY REPORT



# Expecting a solid quarter, but valuation is stretched

We have lowered our near-term estimates to reflect softer end-market demand than previously anticipated. While we also adopt a more cautious stance in our mid-term forecasts, given weaker overall consumer confidence, we leave our long-term estimates largely unchanged. As a result, we maintain our target price of SEK 67 per share. However, the share price has risen by nearly 20% since our latest report, and we believe the valuation is stretched on actual earnings basis. Consequently, we downgrade our recommendation to Reduce (previously Accumulate).

## Investment case relies on increased sales growth

In our view, Björn Borg's investment case depends on the company's ability to sustain profitable growth while successfully expanding its footwear and sports apparel categories. While the biggest positive driver for Björn Borg is clearly topline growth, the main near-term risks to achieving this are slow integration of footwear, a lack of brand traction, and prolonged weak consumer confidence.

## We expect continued margin expansion in Q1'26

Björn Borg will publish its Q1'26 results on Wednesday, April 29, 2026. We forecast Björn Borg's Q1 revenue to reach 292 MSEK, in line with Retail consensus, representing reported growth of 4.4% y/y. In local currencies, we estimate growth to be stronger at approximately 7.0%, due to negative FX impacts from a strengthening SEK. According to our estimates, the primary engine of this growth remains the Own e-commerce segment, with the sports apparel category as the standout performer. Overall, we believe the combination of solid sales volumes and continued good operational cost control will allow the company to demonstrate healthy operational leverage. We expect Björn Borg to deliver EBIT of 38.7 MSEK in Q1, corresponding to an operating margin of 13.2%, slightly above Retail consensus. This represents a solid increase from the 12.2% margin reported in

the corresponding period last year. While we estimate the FX-adjusted gross margin to decline slightly from 50.9% in Q1'25 to 50.0%, due to a continued focus on gaining market share, we expect FX tailwinds to support the reported figures. We, therefore, forecast a reported gross margin of 52.0% for the quarter.

## Near-term caution, long-term case intact

Geopolitical tensions following the Iran war have pushed up energy prices, reigniting inflation concerns, keeping interest rates higher for longer, and weakening consumer confidence. Against this softer demand backdrop, we have taken a more cautious stance and lowered our revenue forecasts by some 2% for the coming years. At the same time, higher input and logistics costs are expected to weigh on profitability, leading us to reduce our EBIT estimates by some 6-3% in the coming years. Over the longer term, we still expect some good 6-7% annual revenue growth, which should support continued operating leverage. We forecast the EBIT margin to rise from 10.7% in 2025 and stabilize around 12% long term, supported by solid sales growth and continued operational efficiencies.

## We stand on the sidelines for now

We forecast good earnings growth in the coming years, driven by revenue growth and a gradual margin increase. We expect Björn Borg to distribute most of its earnings and free cash flow as dividends, resulting in a good dividend yield of around 5%. However, the share price has increased almost 20% since our latest report and the earnings-based valuation multiples for 2026 are relatively high (P/E: 19x, EV/EBIT: 15x). The DCF and peer valuation paint a similar picture. As a result, we believe that Björn Borg's expected return is below the required return. Consequently, we turn to a Reduce recommendation (prev. Accumulate) but maintain our target price of SEK 67 per share.

## Recommendation

**Reduce**

(prev. Accumulate)

## Target price:

**67.0 SEK**

(prev. 67.0 SEK)

## Share price:

71.9 SEK

## Business risk



## Valuation risk



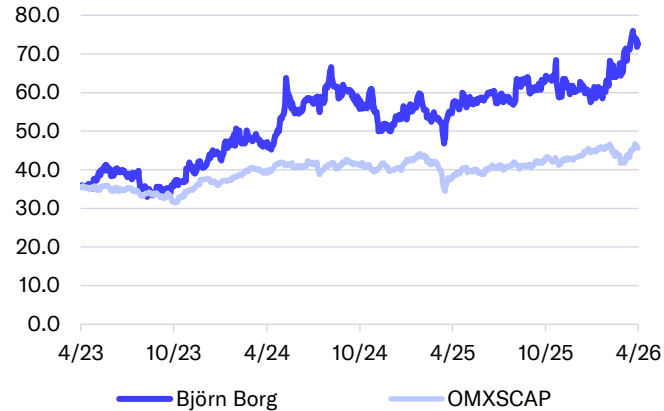
	2025	2026e	2027e	2028e
<b>Revenue</b>	1043.9	1103.2	1171.0	1258.0
<b>growth-%</b>	5%	6%	6%	7%
<b>EBIT adj.</b>	111.5	123.4	137.8	149.4
<b>EBIT-% adj.</b>	10.7 %	11.2 %	11.8 %	11.9 %
<b>Net Income</b>	92.1	93.7	103.6	115.5
<b>EPS (adj.)</b>	3.66	3.73	4.12	4.59
<b>P/E (adj.)</b>	17.2	19.3	17.5	15.7
<b>P/B</b>	4.3	4.7	4.5	4.3
<b>Dividend yield-%</b>	4.8 %	4.9 %	5.2 %	5.7 %
<b>EV/EBIT (adj.)</b>	14.6	14.8	13.2	12.1
<b>EV/EBITDA</b>	11.6	12.0	11.0	10.5
<b>EV/S</b>	1.6	1.7	1.6	1.4

Source: Inderes

## Guidance

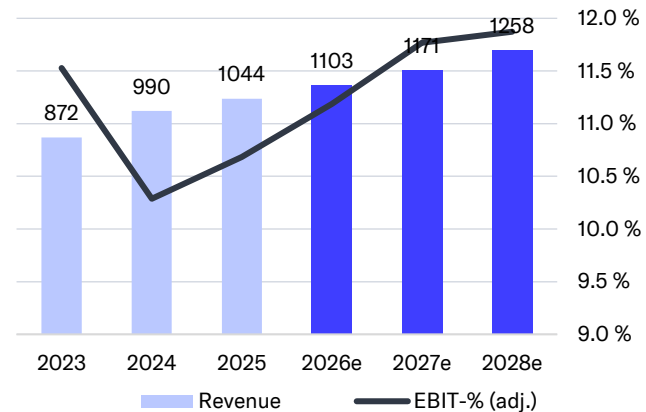
(Björn Borg does not provide any guidance)

## Share price



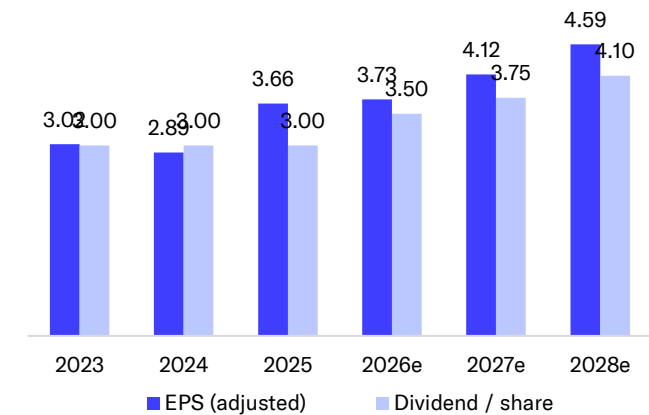
Source: Millistream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend / share



Source: Inderes

## Value drivers

- Opportunities for geographical expansion in currently smaller markets, especially Germany
- Good growth prospects across all product categories, with sports apparel being the main driver
- Improving margin levels driven by increasing online sales through the company's e-commerce platform and e-tailers
- Integrating footwear business can boost future growth by enhancing quality control, fostering innovation and design

## Risk factors

- Strong brand dependence carries risks like trend sensitivity, where the brand may fall out of fashion
- The fashion industry is fiercely competed, and some collections might not appeal to customers
- Risks generated by integrating the footwear category or expansion investments
- Consumers' low purchasing power is a risk to short-term results

Valuation	2026e	2027e	2028e
<b>Share price</b>	71.9	71.9	71.9
<b>Number of shares, millions</b>	25.1	25.1	25.1
<b>Market cap</b>	1808	1808	1808
<b>EV</b>	1831	1823	1808
<b>P/E (adj.)</b>	19.3	17.5	15.7
<b>P/E</b>	19.3	17.5	15.7
<b>P/B</b>	4.7	4.5	4.3
<b>P/S</b>	1.6	1.5	1.4
<b>EV/Sales</b>	1.7	1.6	1.4
<b>EV/EBITDA</b>	12.0	11.0	10.5
<b>EV/EBIT (adj.)</b>	14.8	13.2	12.1
<b>Payout ratio (%)</b>	94.0 %	91.0 %	89.2 %
<b>Dividend yield-%</b>	4.9 %	5.2 %	5.7 %

Source: Inderes

# We expect continued margin expansion

## Currency headwinds dampen reported growth

We forecast Björn Borg's Q1 revenue to reach 292 MSEK, in line with Retail consensus, representing reported growth of 4.4% y/y. In local currencies, we estimate growth to be stronger at approximately 7.0%, due to negative FX impacts from a strengthening SEK. According to our estimates, the primary engine of this growth remains the Own e-commerce segment. In our view, the company's Own e-commerce segment has performed well with strong penetration across most categories, but we expect sports apparel to remain the standout performer. While the underwear category remains a stable foundation for the brand, we expect its growth to be more moderate compared to the double-digit expansion we expect in the sports apparel category. Footwear, a focus area and key category for expansion, has disappointed over the past year. For Q1'26, we estimate a continued decline in footwear sales partly due to internal factors, such as the

need to improve quality, design, and distribution. Additionally, the segment faces external challenges, as underlying footwear sales across Europe have been under pressure for several years. Geographically, we estimate strong performance in Germany, driven by increased sales to Zalando, the company's major e-tailer, as well as favorable year-over-year comparisons.

## Operational leverage to drive margin expansion

We expect Björn Borg to deliver EBIT of 38.7 MSEK in Q1, corresponding to an operating margin of 13.2%, slightly above Retail consensus. This represents a solid increase from the 12.2% margin reported in the corresponding period last year. While we estimate the FX-adjusted gross margin to decline slightly from 50.9% in Q1'25 to 50.0%, due to a continued focus on gaining market share, we expect FX tailwinds to support the reported figures. We, therefore, forecast a reported gross margin of 52.0% for the quarter. Overall, we believe the combination of solid

sales volumes and continued good operational cost control will allow the company to demonstrate healthy operational leverage, keeping the EBIT margin well above the company's 10% long-term target.

## We will focus on the development of core categories

In our view, Björn Borg's transition into a broader sports fashion brand is progressing well. In its upcoming Q1 report, we will focus on the performance of its key growth categories, footwear and sports apparel, as well as the continued expansion of its high-margin own e-commerce channel. For the remainder of 2026, we will also closely monitor the progress of the recently announced strategic partnership with Åhléns and Inno. Although the first product launches are not scheduled until fall 2026, we believe any commentary regarding the development of these new lifestyle categories will be valuable for our assessment of the company's long-term growth profile.

Estimates MSEK / SEK	Q1'25 Comparison	Q1'26 Actualized	Q1'26e Inderes	Q1'26e Consensus	Consensus Low High	2026e Inderes
Revenue	280		292	292	285 - 297	1103
Gross margin-%	50%		52%			52%
EBITDA	42.1		46.1			153
EBIT	34.2		38.7	36.7	18.6 - 38.6	123
PTP	45.9		38.7			120
EPS (adj.)	1.43		1.20			3.73
Revenue growth-%	9.0 %		4.4 %	4.1 %	1.6 % - 5.9 %	5.7 %
EBIT-%	12.2 %		13.2 %	12.6 %	6.5 % - 13.0 %	11.2 %

Source: Inderes & Pinpoint (retail consensus 23.04.26, 63 estimates) (consensus)

# Near-term caution, long-term case intact

## Near-term estimates lowered on a weaker European consumer backdrop

For Q1'26, we have lowered our local-currency revenue growth estimate by around 2.5 pp to 7.0%, reflecting softer end-market demand than previously anticipated. Geopolitical tensions have intensified following the outbreak of the Iran war, lifting energy prices and reviving concerns over inflation, higher-for-longer interest rates, and weakening consumer confidence. Eurozone consumer confidence fell to its lowest level since late 2023 in March 2026, and e.g., Germany has in turn lowered its own 2026 and 2027 growth forecasts and raised inflation projections as the Iran war drives oil and gas prices higher. In Sweden, Björn Borg's largest market, consumer confidence has held up better than in the Eurozone in absolute terms. However, forward-looking components are weakening, with households becoming more pessimistic about the broader economy and unemployment expectations rising.

Against the backdrop of lower consumer confidence and us expecting more muted demand overall going forward, we have consequently taken a more cautious stance and trimmed our revenue forecasts by around 2% for 2026–2028.

## EBIT estimates reduced on top-line and cost pressure

Combined with the lower revenue base, inflationary pressure from higher energy prices is likely to weigh on sourcing, production, and logistics costs. We have therefore reduced our EBIT estimates by 6% for 2026, tapering to 3% by 2028. USD/SEK remains the key swing factor for gross margin given the group's predominantly USD-denominated sourcing, a point worth monitoring alongside the EUR revenue translation effect, as SEK has strengthened modestly against both currencies YTD.

## Long-term estimates

Over the longer term, we expect 6–7% annual revenue growth, which should support continued operating

leverage. We see gross margin expanding toward 54–55%; beyond this level, we expect the company to reinvest further margin gains into the product offering to drive volume growth. We forecast the EBIT margin to rise from 10.7% in 2025 and stabilize around 12% long term, supported by solid sales growth and continued operational efficiencies.

While Björn Borg continues to target long-term revenue growth of at least 10% annually and an EBIT margin of at least 10%, we remain somewhat cautious on the top-line target. The company is performing well in its core categories, but we believe reaching 10% annual sales growth is challenging without a stronger contribution from footwear. Since its full integration into operations, the footwear category has underdelivered compared to our expectations in recent quarters, and we will be looking for clearer signs of volume growth and improved distribution efficiency in this segment before taking a more constructive view on the long-term target.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	1130	1103	-2%	1199	1171	-2%	1286	1258	-2%
EBITDA	161	153	-5%	170	166	-2%	176	172	-2%
EBIT (excl. NRIs)	132	123	-6%	142	138	-3%	153	149	-3%
EBIT	132	123	-6%	142	138	-3%	153	149	-3%
PTP	128	120	-6%	137	133	-3%	151	147	-3%
EPS (excl. NRIs)	3.98	3.73	-6%	4.24	4.12	-3%	4.71	4.59	-3%
DPS	3.50	3.50	0%	3.75	3.75	0%	4.10	4.10	0%

Source: Inderes

# We stand on the sidelines for now

## Valuation summary – Reduce

We forecast good earnings growth in the coming years, driven by revenue growth and a gradual margin increase. We expect Björn Borg to distribute most of its earnings and free cash flow as dividends, resulting in a dividend yield of around 5%. However, the share price has increased almost 20% since our latest report, and the valuation is high on an actual earnings basis. As a result, Björn Borg's expected return is lower than the required return. Additionally, the DCF value is also below the current share price. Consequently, we turn to a Reduce recommendation (prev. Accumulate) but maintain our target price of SEK 67 per share

## Acceptable absolute multiples in 2026-27

Björn Borg's earnings multiples for this year are relatively high, with a P/E ratio of around 19x and EV/EBIT ~15x. Even after adjusting for lease liabilities, the earnings multiples remain roughly the same due to the small proportion of leases on the balance sheet. Therefore, these numbers are quite high from any perspective. If the company successfully expands its footwear and sports apparel category and the projected earnings growth materializes, the multiples for 2027 are P/E 18x and EV/EBIT 13x. Given the company's continued growth potential and high returns on capital, the 2027 earnings multiples appear quite neutral to us, contingent on the expected earnings growth being realized.

Looking ahead to 2028 and beyond, when we expect more stable growth and profitability, we believe Björn Borg's acceptable P/E ratio will be 14-18x and EV/EBIT will be 12-14x, based on reported figures.

## Valuation compared to peers

Most retail chains have significant lease liabilities, which muddle the EV-based valuation. Thus, we look mainly at the P/E ratios of the peer group. When comparing Björn Borg to several listed sports apparel and retail companies, the company's P/E multiples for 2026 and 2027 are, on average, around 35% higher than those of its peers. However, when excluding the retail peers, Björn Borg trades at a discount of around 4%. Given that Björn Borg's sports apparel peers are larger and more globally established brands, we believe it is reasonable to price Björn Borg below its sports apparel peers. On the other hand, we expect Björn Borg to grow faster in the coming years with slightly higher profitability and return on capital levels. All in all, we therefore do not believe that Björn Borg is significantly mispriced relative to its peers. It is important to note that the peer group's valuation multiples vary widely, from single digits to over 30x, making the peer group somewhat dependent on the specific companies. Consequently, we do not place too much emphasis on it.

## No sufficient upside in the form of DCF

We also believe the DCF model is a relevant valuation method for Björn Borg, given its sufficient historical financial information, steady growth, and relatively predictable business. The value of our DCF model (SEK 67 per share) is below the current share price. Therefore, also in the context of DCF, the current valuation is on the high side.

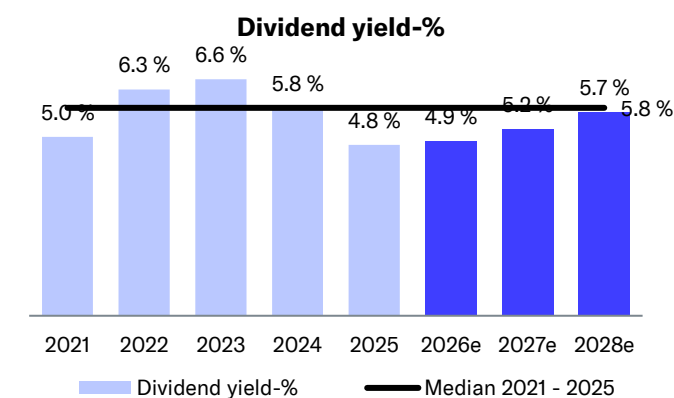
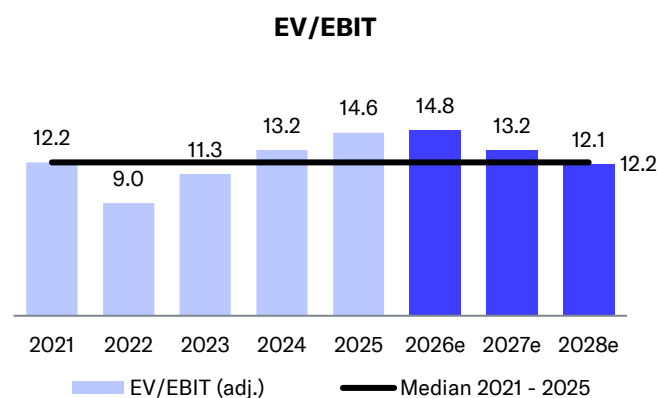
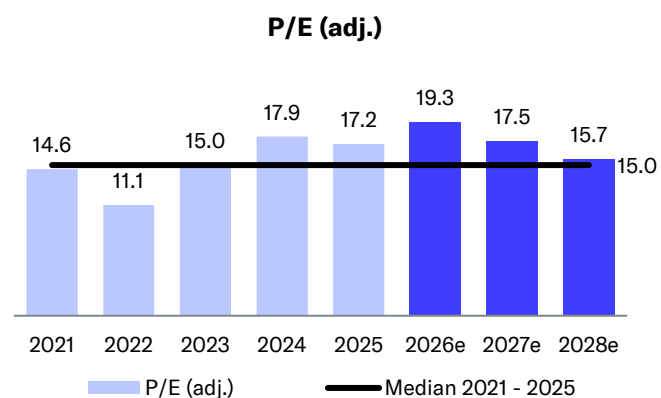
Valuation	2026e	2027e	2028e
Share price	71.9	71.9	71.9
Number of shares, millions	25.1	25.1	25.1
Market cap	1808	1808	1808
EV	1831	1823	1808
P/E (adj.)	19.3	17.5	15.7
P/E	19.3	17.5	15.7
P/B	4.7	4.5	4.3
P/S	1.6	1.5	1.4
EV/Sales	1.7	1.6	1.4
EV/EBITDA	12.0	11.0	10.5
EV/EBIT (adj.)	14.8	13.2	12.1
Payout ratio (%)	94.0 %	91.0 %	89.2 %
Dividend yield-%	4.9 %	5.2 %	5.7 %

Source: Inderes

# Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	50.0	31.6	45.4	51.6	62.8	71.9	71.9	71.9	71.9
Number of shares, millions	25.1	25.1	25.1	25.1	25.1	25.1	25.1	25.1	25.1
Market cap	1257	795	1142	1298	1579	1808	1808	1808	1808
EV	1275	844	1138	1349	1631	1831	1823	1808	1791
P/E (adj.)	14.6	11.1	15.0	17.9	17.2	19.3	17.5	15.7	14.3
P/E	14.6	15.6	15.0	17.9	17.2	19.3	17.5	15.7	14.3
P/B	3.7	2.4	3.2	3.6	4.3	4.7	4.5	4.3	4.1
P/S	1.6	1.0	1.3	1.3	1.5	1.6	1.5	1.4	1.3
EV/Sales	1.7	1.0	1.3	1.4	1.6	1.7	1.6	1.4	1.3
EV/EBITDA	9.1	7.8	8.5	10.1	11.6	12.0	11.0	10.5	9.6
EV/EBIT (adj.)	12.2	9.0	11.3	13.2	14.6	14.8	13.2	12.1	11.0
Payout ratio (%)	73.1 %	98.9 %	99.3 %	103.8 %	82.0 %	94.0 %	91.0 %	89.2 %	90.0 %
Dividend yield-%	5.0 %	6.3 %	6.6 %	5.8 %	4.8 %	4.9 %	5.2 %	5.7 %	6.3 %

Source: Inderes



# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
<b>Sports apparel</b>													
Adidas	25,506	29,464	12.0	10.2	8.16	7.43	1.12	1.04	14.94	12.24	2.6	3.2	3.7
Nike	57,711	57,687	24.8	20.3	19.35	16.83	1.46	1.45	30.45	24.30	3.6	3.7	5.1
Lululemon	16,123	14,570	7.8	8.5	6.34	6.67	1.55	1.48	12.47	13.27			3.9
Puma	3,825	6,040		27.2	21.28	10.23	0.88	0.83		93.88		0.8	2.2
Under Armour	2,261	2,197	24.0	15.8	11.96	9.35	0.52	0.51	50.92	27.77			1.9
Columbia Sportswear	2,798	2,123	11.3	10.3	7.63	7.03	0.72	0.70	18.12	16.26	1.9	1.9	1.8
<b>Retail</b>													
PVH	3,656	5,026	7.8	7.5	5.67	5.48	0.66	0.65	8.58	7.64	0.2	0.2	0.9
GAP	8,081	6,792	7.1	6.7	4.91	4.70	0.52	0.51	12.11	11.12	2.5	2.6	2.6
H&M	25,904	31,299	17.1	16.0	8.29	7.93	1.51	1.48	21.09	19.40	4.2	4.5	6.2
Fenix Outdoor	1,634	1,781	21.2	20.2	12.46	12.12	2.13	2.04	10.02	9.59	3.6	3.8	1.2
JD Sports Fashion	4,108	7,772	6.8	6.8	3.58	3.55	0.53	0.52	6.28	6.26	1.4	1.5	1.3
<b>Björn Borg (Inderes)</b>	<b>165</b>	<b>167</b>	<b>14.8</b>	<b>13.2</b>	<b>12.0</b>	<b>11.0</b>	<b>1.7</b>	<b>1.6</b>	<b>19.3</b>	<b>17.5</b>	<b>4.9</b>	<b>5.2</b>	<b>4.7</b>
<b>Average</b>			<b>14.0</b>	<b>13.6</b>	<b>10.0</b>	<b>8.3</b>	<b>1.1</b>	<b>1.0</b>	<b>18.5</b>	<b>22.0</b>	<b>2.5</b>	<b>2.5</b>	<b>2.8</b>
<b>Median</b>			<b>11.7</b>	<b>10.3</b>	<b>8.2</b>	<b>7.4</b>	<b>0.9</b>	<b>0.8</b>	<b>13.7</b>	<b>13.3</b>	<b>2.6</b>	<b>2.6</b>	<b>2.2</b>
<b>Diff-% to median</b>			<b>27%</b>	<b>28%</b>	<b>47%</b>	<b>48%</b>	<b>89%</b>	<b>88%</b>	<b>41%</b>	<b>32%</b>	<b>91%</b>	<b>99%</b>	<b>117%</b>

# Income statement

Income statement	2023	2024	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
<b>Revenue</b>	<b>872</b>	<b>990</b>	<b>1044</b>	<b>292</b>	<b>241</b>	<b>317</b>	<b>252</b>	<b>1103</b>	<b>1171</b>	<b>1258</b>	<b>1353</b>
Wholesale	577	672	728	217	151	230	160	758	790	840	890
Own e-commerce	154	181	217	59	60	61	67	247	270	300	340
Own stores	105	107	87	15	22	22	20	79	85	90	95
Distributors	47	51	38	8	14	10	10	42	45	47	48
Licensing	9	2	1	0	0	0	0	1	1	1	1
<b>EBITDA</b>	<b>134</b>	<b>134</b>	<b>141</b>	<b>46</b>	<b>21</b>	<b>57</b>	<b>29</b>	<b>153</b>	<b>166</b>	<b>172</b>	<b>186</b>
Depreciation	-33	-32	-29	-7	-7	-7	-7	-30	-28	-23	-23
<b>EBIT (excl. NRI)</b>	<b>101</b>	<b>102</b>	<b>112</b>	<b>39</b>	<b>14</b>	<b>49</b>	<b>22</b>	<b>123</b>	<b>138</b>	<b>149</b>	<b>163</b>
<b>EBIT</b>	<b>101</b>	<b>102</b>	<b>112</b>	<b>39</b>	<b>14</b>	<b>49</b>	<b>22</b>	<b>123</b>	<b>138</b>	<b>149</b>	<b>163</b>
Wholesale	61	54	67	28	0	37	5	70	79	84	89
Own e-commerce	29	33	40	11	9	9	14	43	46	51	58
Own stores	-7	3	-5	-2	1	1	1	0	2	3	5
Distributors	10	10	8	2	3	2	2	10	10	11	11
Licensing	8	2	1	0	0	0	0	1	1	1	1
Net financial items	-3	-11	6	0	-1	-1	-1	-3	-5	-2	-2
<b>PTP</b>	<b>98</b>	<b>90</b>	<b>118</b>	<b>39</b>	<b>13</b>	<b>48</b>	<b>21</b>	<b>120</b>	<b>133</b>	<b>147</b>	<b>161</b>
Taxes	-22	-18	-26	-8	-3	-11	-5	-26	-29	-32	-35
Minority interest	0	0	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>76</b>	<b>73</b>	<b>92</b>	<b>30</b>	<b>10</b>	<b>37</b>	<b>16</b>	<b>94</b>	<b>104</b>	<b>116</b>	<b>127</b>
<b>EPS (adj.)</b>	<b>3.02</b>	<b>2.89</b>	<b>3.66</b>	<b>1.20</b>	<b>0.39</b>	<b>1.48</b>	<b>0.65</b>	<b>3.73</b>	<b>4.12</b>	<b>4.59</b>	<b>5.03</b>
<b>EPS (rep.)</b>	<b>3.02</b>	<b>2.89</b>	<b>3.66</b>	<b>1.20</b>	<b>0.39</b>	<b>1.48</b>	<b>0.65</b>	<b>3.73</b>	<b>4.12</b>	<b>4.59</b>	<b>5.03</b>

Key figures	2023	2024	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
<b>Revenue growth-%</b>	4.4 %	13.5 %	5.4 %	4.4 %	6.8 %	5.8 %	5.9 %	5.7 %	6.1 %	7.4 %	7.6 %
<b>Adjusted EBIT growth-%</b>		1.3 %	9.5 %	13.1 %	27.9 %	9.0 %	2.0 %	10.7 %	11.6 %	8.4 %	9.4 %
<b>EBITDA-%</b>	15.3 %	13.5 %	13.5 %	15.8 %	8.7 %	17.8 %	11.7 %	13.9 %	14.2 %	13.7 %	13.8 %
<b>Adjusted EBIT-%</b>	11.5 %	10.3 %	10.7 %	13.2 %	5.6 %	15.5 %	8.7 %	11.2 %	11.8 %	11.9 %	12.1 %
<b>Net earnings-%</b>	8.7 %	7.3 %	8.8 %	10.3 %	4.1 %	11.7 %	6.5 %	8.5 %	8.8 %	9.2 %	9.4 %

Source: Inderes

# Balance sheet

Assets	2024	2025	2026e	2027e	2028e
<b>Non-current assets</b>	<b>307</b>	<b>291</b>	<b>282</b>	<b>275</b>	<b>274</b>
Goodwill	36.4	35.9	35.9	35.9	35.9
Intangible assets	195	194	193	192	191
Tangible assets	63.0	52.8	44.8	38.5	38.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	12.3	8.8	8.8	8.8	8.8
<b>Current assets</b>	<b>357</b>	<b>428</b>	<b>454</b>	<b>469</b>	<b>489</b>
Inventories	194	257	254	258	264
Other current assets	16.9	24.0	24.0	24.0	24.0
Receivables	136	133	143	152	164
Cash and equivalents	9.7	13.5	33.1	35.1	37.7
<b>Balance sheet total</b>	<b>663</b>	<b>719</b>	<b>737</b>	<b>744</b>	<b>763</b>

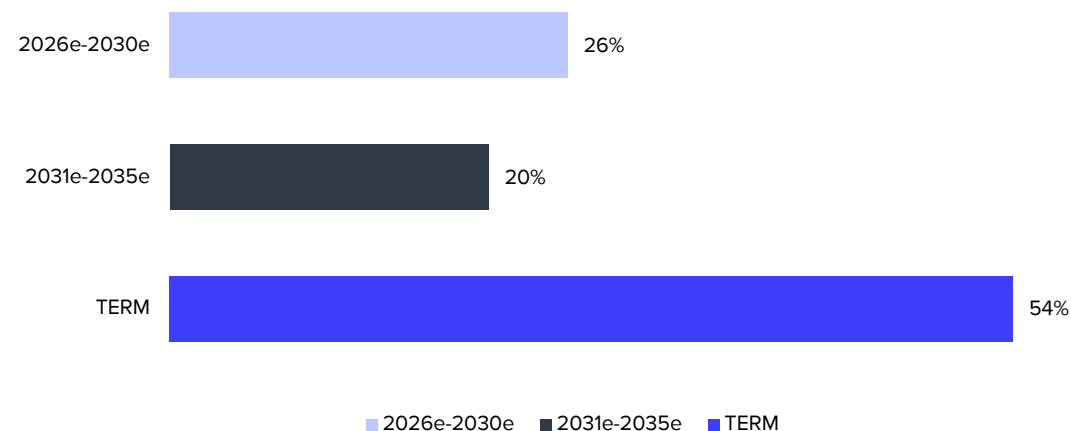
Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
<b>Equity</b>	<b>352</b>	<b>361</b>	<b>379</b>	<b>395</b>	<b>416</b>
Share capital	7.9	7.9	7.9	7.9	7.9
Retained earnings	177	186	204	219	241
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	174	174	174	174	174
Minorities	-6.3	-6.3	-6.3	-6.3	-6.3
<b>Non-current liabilities</b>	<b>56.3</b>	<b>54.5</b>	<b>90.8</b>	<b>86.8</b>	<b>78.2</b>
Deferred tax liabilities	39.7	39.5	39.5	39.5	39.5
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	16.6	15.0	51.2	47.3	38.6
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>255</b>	<b>304</b>	<b>267</b>	<b>262</b>	<b>269</b>
Interest bearing debt	66.6	77.8	34.2	31.5	25.8
Payables	126	159	165	164	176
Other current liabilities	62.4	66.9	66.9	66.9	66.9
<b>Balance sheet total</b>	<b>663</b>	<b>719</b>	<b>737</b>	<b>744</b>	<b>763</b>

# DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	5.4 %	5.7 %	6.1 %	7.4 %	7.6 %	7.0 %	6.5 %	6.5 %	6.5 %	6.5 %	2.5 %	2.5 %
EBIT-%	10.7 %	11.2 %	11.8 %	11.9 %	12.1 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %	11.0 %	11.0 %
<b>EBIT (operating profit)</b>	<b>112</b>	<b>123</b>	<b>138</b>	<b>149</b>	<b>163</b>	<b>174</b>	<b>185</b>	<b>197</b>	<b>210</b>	<b>223</b>	<b>210</b>	
+ Depreciation	29.1	29.6	28.5	23.1	22.8	22.9	23.1	23.4	23.7	24.1	24.5	
- Paid taxes	-22.3	-26.4	-29.2	-31.8	-34.9	-37.1	-39.5	-42.1	-44.9	-47.8	-45.8	
- Tax, financial expenses	1.4	-0.7	-1.1	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.5	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-30.0	-0.3	-14.2	-5.7	-5.5	-10.8	-17.4	-18.5	-19.7	-21.0	-8.8	
<b>Operating cash flow</b>	<b>89.6</b>	<b>126</b>	<b>122</b>	<b>135</b>	<b>145</b>	<b>148</b>	<b>151</b>	<b>159</b>	<b>168</b>	<b>178</b>	<b>180</b>	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-17.3	-20.6	-21.2	-21.6	-22.2	-22.7	-23.2	-23.7	-24.1	-24.5	-24.5	
<b>Free operating cash flow</b>	<b>72.4</b>	<b>105</b>	<b>101</b>	<b>113</b>	<b>123</b>	<b>126</b>	<b>128</b>	<b>136</b>	<b>144</b>	<b>154</b>	<b>155</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	72.4	105	101	113	123	126	128	136	144	154	155	2271
<b>Discounted FCFF</b>		<b>98.6</b>	<b>86.2</b>	<b>88.3</b>	<b>88.1</b>	<b>81.9</b>	<b>75.9</b>	<b>73.7</b>	<b>71.6</b>	<b>69.6</b>	<b>64.1</b>	<b>939</b>
Sum of FCFF present value		1737	1638	1552	1464	1376	1294	1218	1144	1073	1003	939
<b>Enterprise value DCF</b>		<b>1737</b>										
- Interest bearing debt		-92.8										
+ Cash and cash equivalents		13.5										
+ Associated companies		0.0										
-Minorities		29.6										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>1687</b>										
<b>Equity value DCF per share</b>		<b>67</b>										

## Cash flow distribution



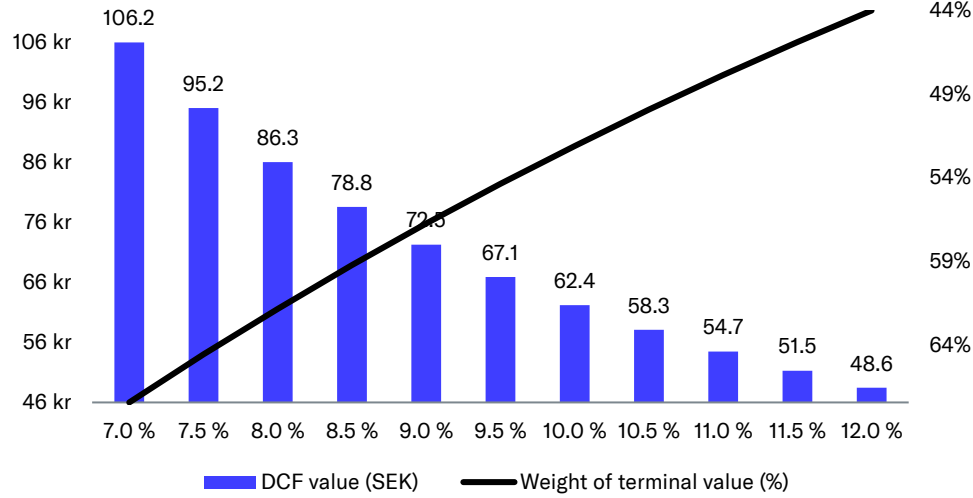
## WACC

Tax-% (WACC)	20.6 %
Target debt ratio (D/(D+E))	7.0 %
Cost of debt	5.0 %
Equity Beta	1.15
Market risk premium	4.75%
Liquidity premium	2.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>10.0 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>9.5 %</b>

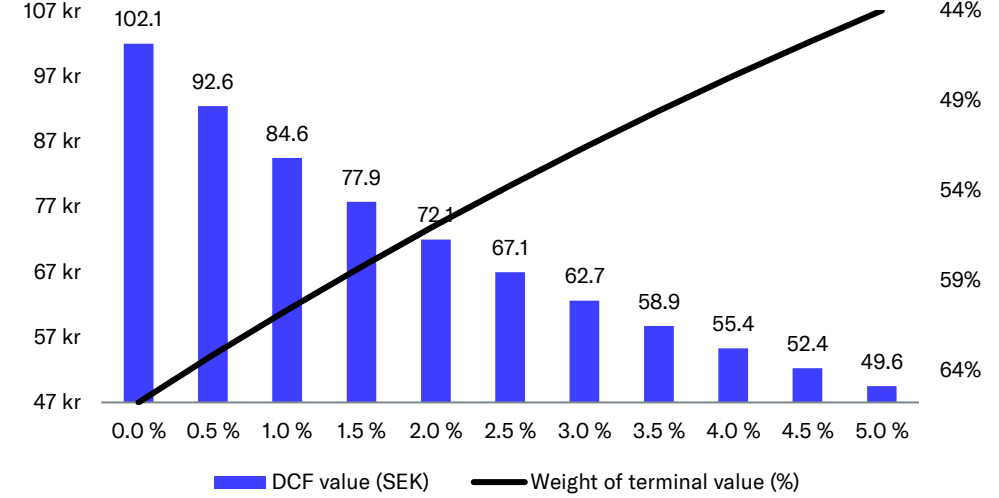
Source: Inderes

# DCF sensitivity calculations and key assumptions in graphs

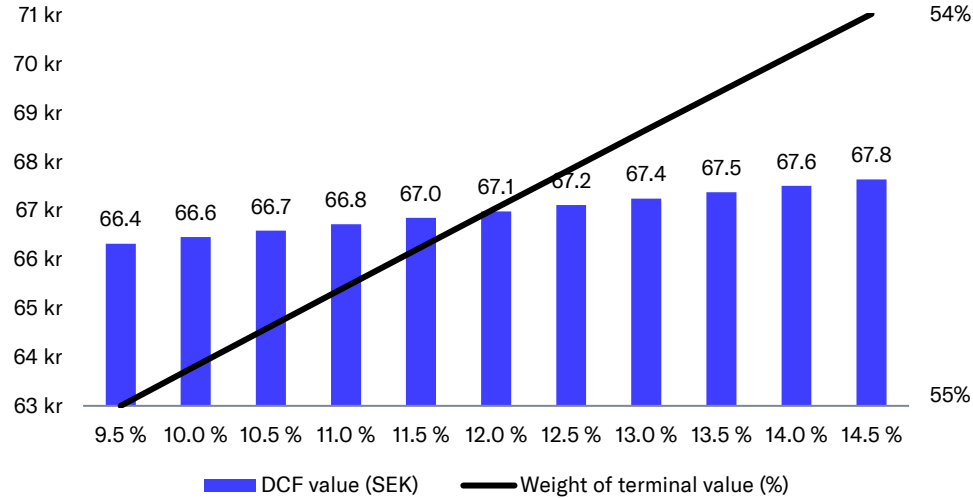
Sensitivity of DCF to changes in the WACC-%



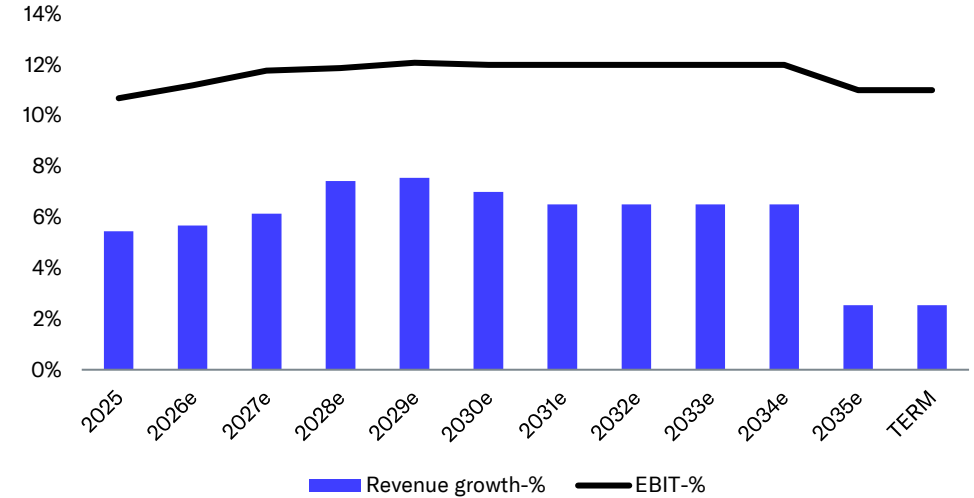
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

# Summary

Income statement	2023	2024	2025	2026e	2027e	Per share data	2023	2024	2025	2026e	2027e
Revenue	872.3	990.0	1043.9	<b>1103.2</b>	<b>1171.0</b>	EPS (reported)	3.02	2.89	3.66	<b>3.73</b>	<b>4.12</b>
EBITDA	133.6	134.0	140.6	<b>153.0</b>	<b>166.3</b>	EPS (adj.)	3.02	2.89	3.66	<b>3.73</b>	<b>4.12</b>
EBIT	100.6	101.8	111.5	<b>123.4</b>	<b>137.8</b>	OCF / share	5.02	2.31	3.56	<b>5.00</b>	<b>4.84</b>
PTP	97.7	90.4	117.7	<b>120.0</b>	<b>132.8</b>	OFCF / share	4.04	0.93	2.88	<b>4.18</b>	<b>4.00</b>
Net Income	76.0	72.7	92.1	<b>93.7</b>	<b>103.6</b>	Book value / share	14.20	14.25	14.61	<b>15.33</b>	<b>15.95</b>
Extraordinary items	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	Dividend / share	3.00	3.00	3.00	<b>3.50</b>	<b>3.75</b>
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	631.5	663.5	719.2	<b>736.6</b>	<b>744.0</b>	Revenue growth-%	4%	13%	5%	<b>6%</b>	<b>6%</b>
Equity capital	350.8	351.9	361.0	<b>379.3</b>	<b>394.8</b>	EBITDA growth-%	24%	0%	5%	<b>9%</b>	<b>9%</b>
Goodwill	36.4	36.4	35.9	<b>35.9</b>	<b>35.9</b>	EBIT (adj.) growth-%	7%	1%	9%	<b>11%</b>	<b>12%</b>
Net debt	16.2	73.5	79.3	<b>52.3</b>	<b>43.7</b>	EPS (adj.) growth-%	6%	-4%	27%	<b>2%</b>	<b>11%</b>
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	15.3 %	13.5 %	13.5 %	<b>13.9 %</b>	<b>14.2 %</b>
EBITDA	133.6	134.0	140.6	<b>153.0</b>	<b>166.3</b>	EBIT (adj.)-%	11.5 %	10.3 %	10.7 %	<b>11.2 %</b>	<b>11.8 %</b>
Change in working capital	14.9	-56.0	-30.0	<b>-0.3</b>	<b>-14.2</b>	EBIT-%	11.5 %	10.3 %	10.7 %	<b>11.2 %</b>	<b>11.8 %</b>
Operating cash flow	126.2	58.0	89.6	<b>125.6</b>	<b>121.7</b>	ROE-%	22.1 %	20.3 %	25.4 %	<b>24.9 %</b>	<b>26.3 %</b>
CAPEX	-24.6	-34.5	-17.3	<b>-20.6</b>	<b>-21.2</b>	ROI-%	25.1 %	24.6 %	25.1 %	<b>26.9 %</b>	<b>29.4 %</b>
Free cash flow	101.6	23.4	72.4	<b>105.0</b>	<b>100.6</b>	Equity ratio	55.6 %	53.0 %	50.2 %	<b>51.5 %</b>	<b>53.1 %</b>
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	4.6 %	20.9 %	22.0 %	<b>13.8 %</b>	<b>11.1 %</b>
EV/S	1.3	1.4	1.6	<b>1.7</b>	<b>1.6</b>	Net debt/EBITDA	0.1	0.5	0.6	<b>0.3</b>	<b>0.3</b>
EV/EBITDA	8.5	10.1	11.6	<b>12.0</b>	<b>11.0</b>	EBITDA/net financials	46.7	11.7	-22.6	<b>44.9</b>	<b>33.3</b>
EV/EBIT (adj.)	11.3	13.2	14.6	<b>14.8</b>	<b>13.2</b>						
P/E (adj.)	15.0	17.9	17.2	<b>19.3</b>	<b>17.5</b>						
P/B	3.2	3.6	4.3	<b>4.7</b>	<b>4.5</b>						
Dividend-%	6.6 %	5.8 %	4.8 %	<b>4.9 %</b>	<b>5.2 %</b>						

Source: Inderes

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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2024-08-07	Accumulate	63.0 kr	57.3 kr
2024-08-19	Accumulate	68.0 kr	61.2 kr
2024-11-18	Accumulate	67.0 kr	61.0 kr
2025-02-24	Reduce	62.0 kr	58.3 kr
2025-04-10	Accumulate	55.0 kr	48.2 kr
2025-05-16	Reduce	55.0 kr	57.8 kr
2025-08-18	Reduce	55.0 kr	57.5 kr
2025-11-17	Reduce	57.0 kr	62.9 kr
2026-02-16	Accumulate	67.0 kr	61.0 kr
2026-04-24	Reduce	67.0 kr	71.9 kr



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